

## Message Text

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PAGE 01 PEKING 00233 100830Z

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ACTION EA-06

INFO OCT-01 SS-14 ISO-00 INR-05 EB-03 PRS-01 L-01 SP-01

/032 W

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R 100815Z FEB 75

FM USLO PEKING

TO SECSTATE WASHDC 3217

INFO AMCONSUL HONG KONG

S E C R E T PEKING 0233

LIMDIS

NOFORN

E.O. 11652: XGDS-1

TAGS: ETRD EFIN CH

SUBJECT: PRC LONDON GOLD SALES IN 1974

REF: PEKING 1295 OF 1974

1. EFTEL REPORTED THAT FOR THE FIRST TIME SINCE 1961 THE BANK OF CHINA (BOC) BEGAN SELLING GOLD IN LONDON IN 1973 AND DISPOSED OF APPROXIMATELY DOLS175 MILLION WORTH OF GOLD IN LONDON BETWEEN LATE DECEMBER 1973 AND FEBRUARY 1974. WE HAVE NOW LEARNED FROM A UK EMBOFF HERE THAT BOC'S TOTAL SALES OF GOLD IN LONDON IN 1974 WERE DOLS400 MILLION, WITH MUCH OF THE SELLING ACTIVITY TAKING PLACE IN THE LATE FALL.

2. THIS INFORMATION WAS PASSED TO US IN STRICTEST CONFIDENCE AND SHOULD BE CAREFULLY PROTECTED BY ADDRESSEES. IT SHOULD NOT BE DISCUSSED WITH INDIVIDUALS OUTSIDE THE USG INCLUDING HMG PERSONNEL.

3. COMMENT: IT HAS BEEN EVIDENT FOR SOME MONTHS THAT DUE TO A MASSIVE TRADE DEFICIT IN 1974, WHICH  
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FOLLOWED A SIZEABLE DEFICIT IN 1973, THE PRC WAS

RUNNING SHORT OF FOREIGN EXCHANGE. THE SALE  
REPORTED ABOVE SEEM TO HAVE BEEN ONE ASPECT OF  
CHINA'S RESPONSE TO THE PROBLEM, WHICH ALSO  
INCLUDED CANCELLING OR POSTPONING SCHEDULED IMPORTS  
OF CERTAIN COMMODITIES. THE UK EMBOFF'S STATEMENT  
COVERED SALES OF GOLD IN LONDON ONLY, AND IT IS  
ENTIRELY CONCEIVABLE THAT BOC ALSO DISPOSED OF  
GOLD IN OTHER MARKETS, SUCH AS ZURICH. WE HAVE NO  
ACCESS TO INFORMATION ON BOC ACTIVITY IN SUCH MARKETS, HOWEVER.

BUSH

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NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** REPORTS, GOLD HOLDINGS, GOLD TRANSACTIONS  
**Control Number:** n/a  
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**Draft Date:** 10 FEB 1975  
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**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Authority:** KelleyW0  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Disposition Reason:**  
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